

## MINUTES OF MEETING

### COAL SURFACE MINING RECLAMATION FUND ADVISORY BOARD

A meeting of the Coal Mining Reclamation Fund Advisory Board was held on December 19, 2007 at 1:30 p.m. at the Department of Mines, Minerals and Energy Office in Big Stone Gap.

Present: Paul Ison, Chairman; Scotty Rose, Benny Wampler, Butch Lambert, Ernie Barker, Ann McDavid and Marilyn Gates (recording secretary).

Paul Ison called the meeting to order and introduced the new board member, Ernie Barker.

The board members reviewed and unanimously approved minutes of the last meeting on December 7, 2006.

#### **Review of Current Reclamation Fund Financial Report**

Ann McDavid gave a review of the current Reclamation Fund Financial Report.

**Pool Bond Balances:** Total Bond Amount - \$151,747,800  
68,725 acres permitted  
Last years total - \$141,465,000  
66,317 acres permitted

Six (6) companies represent about 70% of the bond amount that is listed in the report.

<b><u>Financial Status Report through September 30, 2007:</u></b>	Entrance fees collected - \$ 9,000.00
	Reclamation taxes - <u>\$10,656.44</u>
	Total \$19,656.44

**Fund balance** is now \$6,143,781.

**Tonnage** (Report is through September 30, 2007): Total tons – 307,146.51.

**Liabilities against the pool:** Glamorgan permits will still be shown as a liability until everything is completed on the permits.

**Permits in Temporary Cessation:** 39 as opposed to 41 last year.

Butch Lambert gave an update on Temporary Cessation sites. He advised a new procedure has just been implemented on temporary cessations. Sites that come up for renewal, which have been in temporary cessation for 5 years will be required to submit new plans for technical review as to why that site needs to continue on past 5 years. Any sites that come in for renewal that have been in cessation for 10 years or longer will not be renewed and will be required to either reclaim or start mining.

Ernie Barker gave an update on Glamorgan Coal Resources/Pound River Property Sites:

PN 1101950 – Reclamation completed on this site except for pond removal and tree planting.

PN 1101951 – Grading work is 35% complete

PN 1701937 – 20% reclamation is completed.

PN 1701941 – Work is underway. A bulldozer is on the site grading the refuse to meet the required configuration.

PN 1601939 – Work will begin as the required reclamation is completed at the Glamorgan sites.

Glamorgan Properties, LLC is bearing the cost of reclamation at these sites. The Department of Mined Land Reclamation (DMLR) is holding the forfeited performance bonds on each site until work is completed. Thus far, \$162,000 in bond has been released to the company for the completion of Phase 1 reclamation on PN 1101950.

Butch discussed acreage amendments for permits participating in the pool bond. He advised that effective December 1, 2007, an acreage amendment application for a permit participating in the pool will be required to submit the applicable reclamation entrance fee. In addition, the permittee will be required to pay the reclamation fund taxes for coal produced in the acreage amendment area.

Butch also gave an update on self bonds. The Federal rule dealing with self bonding was distributed to members. Butch advised that it is the opinion of everyone who has looked at this rule that we don't have an industry in VA that could meet these requirements. Benny Wampler agreed. DMLR needs to propose self bonding regulations as we have none. We do have a policy in place. Currently, we won't allow a company to self bond any more than 50% of what their assets are. We may be challenged on our policy in the future. We have some self bonds out there that are major. Regulations allow self bonding but there is not much guidance on how to implement. Benny advised that we have managed this well by following the 50% policy. Butch noted that he wanted this committee to be aware of the federal rule and our current policy on self bonds. DMLR is taking a harder stand as to who they allow in the pool as a protective measure. If someone is the sole proprietorship of a company and does the self bonding, key man insurance will be a consideration.

Butch discussed initial payments into the pool bond fund and a discussion was held on changes. This was presented to the committee for feedback, however a more lengthy discussion will be held at the next Pool Bond meeting.

Ernie Barker asked that everyone turn in their 2007 Conflict of Interests Filing-Financial Disclosure Statement and advised that we have extra copies if needed. The deadline is January 7<sup>th</sup>, 2008.

The committee discussed having the next meeting in early May. Members will be notified.